

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
JULY 20, 1999
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on July 20, 1999 in the auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120.

The following Board Members were present: Robert F. Vickrey, Chairman; and Members Gregory C. Jones, Joseph A. Lamendella, and Stuart P. Levine.

Also in attendance were: Administrator Robert F. Casey, Deputy Administrators Joseph Haughey, Allan McDonald, Roger Shiels, and Thomas Swoik, Chief Counsel Mareile' Cusack, other members of the staff, the media, the general public and interested parties.

Chairman Vickrey called the meeting to order at 9:30 a.m. Member Jones moved **that the Board retire to Closed Session pursuant to Section 2(c), paragraphs (1), (4), (11), (14) and (21) of the Open Meetings Act, to discuss the following subject matters:**

**Issues Concerning Applicants and Licensees
Recommendations of Administrative Law Judges
Pending Litigation and Matters Involving Probable Litigation
Investigatory Matters
Personnel Matters
Closed Session Minutes**

Member Lamendella seconded the motion. The Board adopted the motion by unanimous consent.

The Board convened in Open Session at 12:58 p.m.

Board Minutes

Member Levine moved that the Board approve the minutes from the open and closed sessions of the June 15, 1999 regular meeting and the June 28, 1999 and July 9, 1999 special meetings. **Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.**

Chairman's Report

Chairman Vickrey announced that he had been appointed Chairman of the Gaming Board by Governor George Ryan. He stated that J. Thomas Johnson had agreed to remain on the Board as a Member until the Governor makes a new appointment, but he was unable to attend today's meeting due to a scheduling conflict.

The Chairman reported that the Board held a special meeting on June 28, 1999 to discuss the appointment of Sergio E. Acosta as Administrator. He stated that the Board is still considering Mr. Acosta's appointment and may hold a meeting later in the month to make a final determination. The Chairman welcomed Members Gregory Jones and Joseph Lamendella to the Board.

Chairman Vickrey stated that on June 25, 1999 during the signing of SB 1017, Governor Ryan suggested the prohibition of automatic teller machines on all riverboats. The Chairman directed staff to obtain from each licensee a description of the types of teller machines currently on the riverboats, and a description of what compromises each licensee would be willing to make on this issue. He asked staff to prepare the analysis for the December 7, 1999 Board meeting.

Administrator's Report

Administrator Casey reported that:

June saw the strongest revenues since gaming began in 1991. Adjusted Gross Revenues ("AGR") exceeded the \$100 million mark.

The Emergency Rules approved by the Board at the June 28, 1999 special meeting were filed with the Secretary of State and became effective July 2, 1999.

Copies of the Emergency Rules were mailed to all owner licensees and published in the Illinois Register dated July 16, 1999.

The Administrator reported that M/Sgt. Odell Thompson, a staff supervisor in the Investigations Unit, has transferred to the State Police Division of Forensic Sciences. Administrator Casey thanked M/Sgt. Thompson for his dedication and service to the Board.

Monthly Performance Report

Deputy Administrator Swoik summarized the monthly statistical reports for June regarding AGR, admissions and patron counts. He reported that the June AGR was \$102.6 million, marking the fourth consecutive month that AGR has exceeded \$100 million.

Mr. Swoik reported on the following findings from FY99:

AGR for FY99 was \$1.170 billion, exceeding FY98 by nearly \$105 million or 9.8 percent.

Admissions and patron counts remained relatively level.

FY 99 was the first full year for the graduated tax on wagering. Tax revenues grew by over \$92 million.

During the first 6 months of calendar year 1999 there was a 12 percent increase in AGR; a 2 percent increase in admissions; and, a 2.6 percent increase in patron counts.

Mr. Swoik noted the following changes occurred after dockside gaming was signed into law.

The average daily AGR for the first 25 days of June was \$3.3 million.

The average daily AGR for the last 5 days of June (dockside gaming) rose to \$3.9 million.

AGR for the first 17 days of July is approximately \$74 million.

Mr. Swoik estimates that AGR will exceed \$130 million for the month of July. He noted that the previous high for any one-month of AGR was \$111 million.

In response to Chairman Vickrey, Mr. Swoik stated that for the first six months of calendar year 1999, the average AGR among licensees increased by 12 percent. Harrah's saw the largest growth with a 19.73 percent increase while Rock Island saw a 9 percent decrease.

Chairman Vickrey asked if there has been an increase in admissions. Mr. Swoik stated that the average daily patron count for the first 25 days of June was 36,500 statewide. For the last five days it was 51,200 -- a 40 percent increase. Mr. Swoik clarified that staff will no longer use the term "patron count" and stated that under the new law one person equals one admission.

Owner Licensee Items

HARRAH'S CASINO JOLIET ("Harrah's") – Jim Rankl and Chris Riley, representing Harrah's, requested initial consideration for renewal of its owner's license.

Chairman Vickrey asked Mr. Rankl to comment on the impact dockside gaming has had on the Harrah's operation both in terms of AGR and admissions. Mr. Riley reported that June levels (pre-dockside gaming) saw an increase in AGR of approximately 30 percent. He stated that patron counts have increased by approximately 40 percent.

In response to Chairman Vickrey, Mr. Riley stated that Harrah's uses all of its allowed (1200) gaming positions.

HOLLYWOOD CASINO AURORA ("HCA") – Patt Medchill, representing HCA, requested initial consideration to dispose of its current vessels, the City of Lights I and II, and to build a permanently moored barge. Mr. Medchill displayed a series of photos of the current vessels, pavilion and the proposed barge. He stated that the barge would be in the shape of a horseshoe and fit around the existing pavilion. It will be 50,000 square feet on one level with 50-foot ceilings. All table games and EGDs will be on the main level with the exception of the poker tables. On the eastside of the second level will be a 200-seat entertainment lounge and a poker room. On the westside will be a 150-seat deli and the employee cafeteria. Construction is planned to begin in October 1999 with a completion date of March 2001.

Chairman Vickrey asked where the barge construction would take place. Mr. Medchill responded that the barges would be built up river from the current dock. All construction will take place in Illinois creating approximately 450 new jobs.

In response to Chairman Vickrey, Mr. Medchill stated that the current vessels would be dismantled on site and sold as scrap.

Member Jones asked if there would be some period of non-gaming while the barge is being installed. Mr. Medchill stated that gaming would continue on location during construction and installation to keep its employees working.

HP, INC. – Michael Ficaro, representing HP, made formal public notice to the Board of HP's intention to relocate its existing riverboat gaming license to the Village of Rosemont. He stated that pursuant to recently enacted legislation and in conjunction with the Riverboat Gambling Act, HP would be presenting its plan at a future Board meeting for its new facility and financing structure for Board consideration and appropriate Board action. Mr. Ficaro stated that HP would also be providing the Board with comments as requested on its recently issued Emergency Rules. Mr. Ficaro stated that HP would be working with staff to provide detailed information necessary for analysis.

Chairman Vickrey stated that Board members have received copies of materials that are associated with this information. He stated that HP had provided to the Board a letter to the Mayor of Rosemont from HP; the Mayor's response; a resolution passed by the Village; and, a diagram of the proposed casino site.

CASINO QUEEN – Ed Duffy, representing Casino Queen, requested renewal of its owner's license. Mr. Duffy stated that during its last renewal the Board requested that Casino Queen embark on a capital development project in the City of East St. Louis. Mr. Duffy stated that the construction of its hotel should be completed in December 1999. Upon completion of the hotel, the Casino Queen will begin construction of an entertainment center.

Mr. Duffy reported that due to the change in the law the Casino Queen has seen a 30 percent increase in business and a 14 percent increase in patron counts.

Ms. Cusack stated that staff recommends Casino Queen for renewal and noted that the new law allows for renewals for up to four years.

Chairman Vickrey asked Mr. Duffy to discuss its affirmative action plan and asked for the percent of women employed by the Casino Queen. Mr. Duffy stated that 50 percent of its employees are female and that Casino Queen has a very aggressive affirmative action plan. When the Casino Queen first opened, 50 percent of its employees lived in the City of East St. Louis. Over the course of time and due to the economic betterment provided by the company many employees have moved out of the city. Currently only 25 to 30 percent of its employees live in East St. Louis. He hopes that housing development will be encouraged due to the stabilization of the business environment in East St. Louis.

Member Lamendella moved **that the Board renew the owner's license of Casino Queen for a period of 2 years expiring July 2001. In renewing the license, Casino Queen is ordered to do the following:**

Work with its individual owners and key persons to assure that in conjunction with all future renewals staff receives accurate and complete information in a timely manner.

Casino Queen is to work with staff to address audit concerns noted by staff.

I further move that the following individuals be designated as Key Persons of Casino Queen:

**Charles W. Bidwill, III
Michael J. Gaughan
Michael Growney
Patrick Kenny
James Koman**

**William Koman, Sr.
William Koman, Jr.
Timothy Rand
Franklin Toti**

Chairman Vickrey stated that on January 1, 2000 the Board is to report to the General Assembly on minority ownership of all owner licensees. He asked for the cooperation of all owner licensees.

Chairman Vickrey stated that he toured the facility of the Casino Queen and its new hotel. He stated that he was very impressed with the development in the City of East St. Louis and the Casino Queen facility.

Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.

ALTON GAMING COMPANY ("Alton") – Brenda Bauer, representing Alton, requested approval of Roger Archibald as Vice President of Development and Planning.

Member Levine moved that the Board approve Roger L. Archibald as a Level 1 Occupational Licensee of Argosy Gaming Company. Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensees

CASINO DATA SYSTEMS ("CDS") – Donna More, representing CDS, requested renewal of its supplier's license.

Member Jones moved that the Board approve Casino Data Systems ("CDS") application for renewal of its supplier's license for a period of four years expiring July, 2003. **Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.**

Occupational Licenses

Member Lamendella moved that the Board approve 25 applications for an Occupational License, Level 2, and 76 applications for an Occupational License, Level 3, and deny 1 application for an Occupational License, Level 3. **Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.**

Administrative Hearings/ALJ Reports

Having reviewed the staff's report, Member Levine moved that the Board deny the hearing request submitted by Mary Lemaire due to the petitioner's failure to comply with Board Rule 3000.405. **Member Jones seconded the motion. The Board approved the motion unanimously by voice vote.**

Complaints & Disciplinary Actions

Chief Counsel Cusack stated that three incidents occurred at Harrah's Joliet over a six-month period during which underage patrons were allowed to enter the vessel. Two of the three patrons were found to be gambling.

Member Levine commented that underage gambling is a grave concern to the Board.

Member Levine moved that the Board issue a disciplinary complaint against Harrah's Casino Joliet and fine Harrah's in the amount of \$100,000. The complaint is for Harrah's permitting underage patrons to board the vessel on three separate occasions. **Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote.**

Chairman Vickrey reported that Governor Ryan commented during the signing of SB1017 that he would like to see the law on penalties regarding underage gambling strengthened. The Chairman stated that the Board takes the Governor's comments very seriously and underage gambling will continue to be a serious matter when addressed by the Board.

Board Policy Items

RULEMAKING

Member Jones moved **that the Board approve the final adoption of the following rules:**

The new definition of Tournament EPROM under Board rule 3000.100; and Amended rules 3000.614, 3000.631 and 3000.660.

Member Levine seconded the motion. The Board approved the motion unanimously by voice vote.

PUBLIC COMMENTARY

Tom Grey, representing the National Coalition Against Gambling Expansion, stated that the National Gambling Impact Study Commission issued its final report and hopes that staff will review it and report the findings to the Board at a subsequent meeting. Mr. Grey commented that he is glad to see the Board looking into the issue of prohibiting ATMs on riverboats.

Mr. Grey raised various questions about the administrative ruling in the matter of HP, Inc. He stated that he understands HP to be in a legal proceeding and asked what HP's standing is with the Board. Mr. Grey questioned why HP is allowed to come before the Board and ask for initial consideration and finally when will the Board vote on the ALJ's decision.

Administrator Casey stated that, "HP did not come up here for initial consideration and that no application has been filed with the Board."

Chairman Vickrey stated that HP was notifying the Board about its discussions with Rosemont. He stated that the ALJ decision would be handled separately from the relocation application. Mr. Grey asked how could the two matters be separate. Chairman Vickrey stated that one is an application and one is not. Mr. Grey stated that he feels the Board should make a ruling on the ALJ decision before it looks at a request to relocate the license. Chairman Vickrey stated that these are matters that will be determined by attorneys and staff at the right time. Chairman Vickrey further noted that the Board has rules and a statute to follow and that the Board will meet the requirements of the law.

Roger Kelly, an attorney representing Mr. Grey, stated that his client takes the position that the Board can only issue this relocation license under Section 11.2 of the Act. He stated that by law HP would have to have been a licensee on January 1, 1998. Mr. Kelly stated that in July 1997 the Board voted unanimously to not renew HP's license. He argued that the license did not exist on January 1, 1998 so HP is not covered under the new legislation. Mr. Kelly asked that the Board first determine whether HP was a licensee on January 1, 1998. If the Board finds that HP was a licensee on that date then he asked that the Board report to the public why it backtracked from its position of refusing to renew.

Mr. Grey thanked the Board for its time and stated that as a citizen he wants to be kept apprised of decisions in this matter. He also stated that he wants to insure that the integrity and the credibility of the licensing process remains intact.

There being no further business to come before the Board, Member Levine moved **that the Board stand adjourned**. Member Lamendella seconded the motion. The Board approved the motion unanimously by voice vote and adjourned at 1:48 p.m.

Respectfully submitted,

Susan O. Weber
Secretary of the Board